

SUMMARY

Mr. William E. Colby, Director of Central Intelligence

11/19/73

I. Introductory Remarks

Mr. Colby began his informal remarks by addressing the dilemma of maintaining secrecy in a free society: "we are going to have to run an American intelligence service," but it must be "different from others." It has no domestic responsibility, and it is more open than its counterparts in Britain, France, Sweden, or anywhere else. Indeed, the CIA's constant exposure in the press makes it difficult to conduct liaison with foreign intelligence services and to recruit agents. It can also effect our use of such technical collection methods as cryptography and photography.

Colby then traced the history of intelligence in the U.S. He pointed out that the government invariably constructed an intelligence system in wartime, then dissolved it afterwards. It took the advent of the Cold War to produce a peacetime intelligence apparatus. The National Security Act of 1947 established the CIA and gave it the responsibility to draw together information collected by other services and Departments. In addition, the CIA was given the authority to conduct certain services of common concern and, as directed by the National Security Council, "other functions related to intelligence", such as clandestine collection operations abroad as well as paramilitary and political operations.

According to Colby, intelligence has come of age but must prove its usefulness in a period of detente and lessened tensions overseas. He believes that intelligence has become an essential part of the conduct of foreign policy but that those in the intelligence business must work hard to make the system work. Colby explained that his responsibility for coordinating and managing the intelligence community was important, but less so than his responsibility for producing substantive intelligence... "to be able to inform the President, the NSC, the appropriate committees of Congress and so forth, of what is happening in the world." He added that, if he could focus on the substance and get the entire community also focussed on substantive questions, he would be in the best position to allocate resources and to measure the effectiveness of different techniques of collection, processing, and analysis.

Dept of State review(s) completed.

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Colby pointed out that the intelligence community must develop a systematic way to evaluate the usefulness of its products to its customers. He said that he would put his major effort into identifying the key substantive problems and evaluating how well the community handles them.

Colby added some general remarks about the entire intelligence process. Collection of information includes listening to Radio Moscow, planting bugs, etc. Processing the information is also very complicated, sometimes involving highly technical work. "You really wouldn't believe what some of those engineers can get out of small little squiggles that come out of the airwaves." The last part of the process is "the production or presentation problem... It doesn't do any good for the intelligence community to know the answers and even to write a very learned tome giving the answers, if the tome is in a fashion that cannot be absorbed and actually used by the fellows making the decisions."

II. General Discussion

a. The Reputation and Image of Intelligence

Chairman Murphy asked what was being done, or should be done, to give the word "intelligence" a better reputation. Mr. Colby replied that a full scale public relations campaign was not the answer. Rather the CIA should concentrate on doing its work well and, whenever possible, on educating people about the real nature of the intelligence process.

Mr. Casey pointed out that the public should be told about the importance of the research and analysis function and about the number of Ph.D's and other specialists who work on intelligence. Colby replied that the CIA encourages its personnel to belong to professional societies and to attend conferences, and that it is moving in the direction of producing more unclassified publications. He added that the CIA should do more work in an unclassified form.

b. Congressional Oversight and Substantive Briefings

Senator Mansfield asked Colby whether he favored creation of a Joint Congressional Committee on Intelligence to throw a protective shield around the CIA and to keep Congress informed about crisis situations. Colby replied that the CIA "has always taken the position that we will handle our relations with Congress in any way that Congress

wants us to." He later remarked that the Congressional oversight committees have been very responsible and "have been given the most sensitive kinds of information... We have never had a leak from them."

Colby explained that the CIA handles its relationship with Congress on three levels: unclassified briefings; substantive briefings, with classified material, for a number of committees and for individual members; and a discussion of operational matters with the Armed Services and Appropriations Committees of the House and Senate. In the last few years of Senator Russell's rule over the Armed Services Committee, Senator Mansfield and two other members of the Foreign Relations Committee were also invited to participate in the oversight hearings.

Dr. Abshire pointed out that there should be a better system for giving substantive information to interested members. Colby said that the CIA does brief individual Congressmen and Senators upon request and that he had committed himself in his confirmation hearing to be even more responsive in this area. He said, "I have some people looking now at a way to do this on a regular, periodic basis... It will...push some of this material towards them that they really might not know they want to know." Dr. Abshire suggested that, every six weeks, intelligence briefers might give interested members of Congress a general rundown of world events and stress emerging problems. Colby said he would be delighted with this approach.

Dr. Abshire then asked Colby for his views on Senator Cooper's bill about National Intelligence Estimates being made available to Congress. Colby replied that briefings of Congress are often based on NIE's, but that he was concerned about the physical security of the NIE's themselves and leery about sending NIE's to Congressional staff assistants, who might be prone to leak intelligence information. Colby was hesitant about absolute rules in this regard and suggested that briefings be handled orally whenever appropriate. He added, however, that the CIA could adjust to any changes in Congressional procedures on this matter.

c. The Relationship of Intelligence to Foreign Policy

Mr. Colby suggested that the CIA should maintain a certain distance from the foreign policy process -- providing assessments of foreign situations but not casting a vote for a particular policy. Dr. Kissinger regularly requires

an intelligence briefing before meetings of the Washington Special Action Group. After that, Colby says no more.

Colby added that the President reads intelligence daily briefs and other material. Furthermore, Colby can see the President any time he wants (as of November, he had seen him on intelligence matters three or four times).

Dean Wilcox asked whether Colby received ample reports on the discussions of the President and Dr. Kissinger with high level foreign officials. Colby said he personally is privy to the general line and must levy requirements on the intelligence community without giving any details.

d. Organization of the Intelligence Community

When asked about the extent of his own authority, Mr. Colby described his role in the community. As DCI, he chairs the U.S. Intelligence Board, the Intelligence Resources Advisory Committee, and various other committees that pass on certain sensitive collection programs. Colby also has the last word on National Intelligence Estimates. He is, in short, the President's principal intelligence advisor...the only one who regularly attends meetings of the various NSC subcommittees, the WASAG, the 40 Committee, and the Cabinet. Colby is also Vice-Chairman of the NSC Intelligence Committee, which is designed to solicit the STAT views of intelligence consumers.

Colby admitted that there was some overlap in functions, but that this was often deliberate. Thus the CIA's office of Strategic Research takes on independent look at basic military questions. Furthermore, each agency or Department head insists on having his own intelligence support. Said Colby, "when I go to the President with an assessment of some new Soviet missile...I have to be assured that I am right...and not just parrot what a particular agency says." There is also a distinction

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between national intelligence (in support of foreign policy) and departmental intelligence (in support of individual departments and agencies). DIA, for example, contributes to national intelligence but also serves the Joint Chiefs and the Secretary of Defense.

Colby pointed out that the total number of people in the intelligence business is going down sharply and will continue to do so. It has to because of sharp annual increases in personnel costs.

Colby said it was useful to have analysts, collectors, and operators all under one roof. He likes experts in one field talking to experts in another, and not hiding in their ivory towers. The National Intelligence Officers (NIO's - successors to the Board of National Estimates) cut across functional lines within the bureaucracy and thus get the best brains working on any given problem. The NIOs are real specialists in their fields (and not generalists like the former Board of National Estimates).

When asked what organizational changes he would recommend, Colby said that he would like the authority to deter someone from getting sensitive information out, then spilling it (e.g., the Marcetti/Marks Case). When asked about the National Security Act of 1947, Colby recommended that the word "foreign" be put before the word "intelligence," so the public would be reassured about the limits of CIA authority. STAT

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g: Covert Action

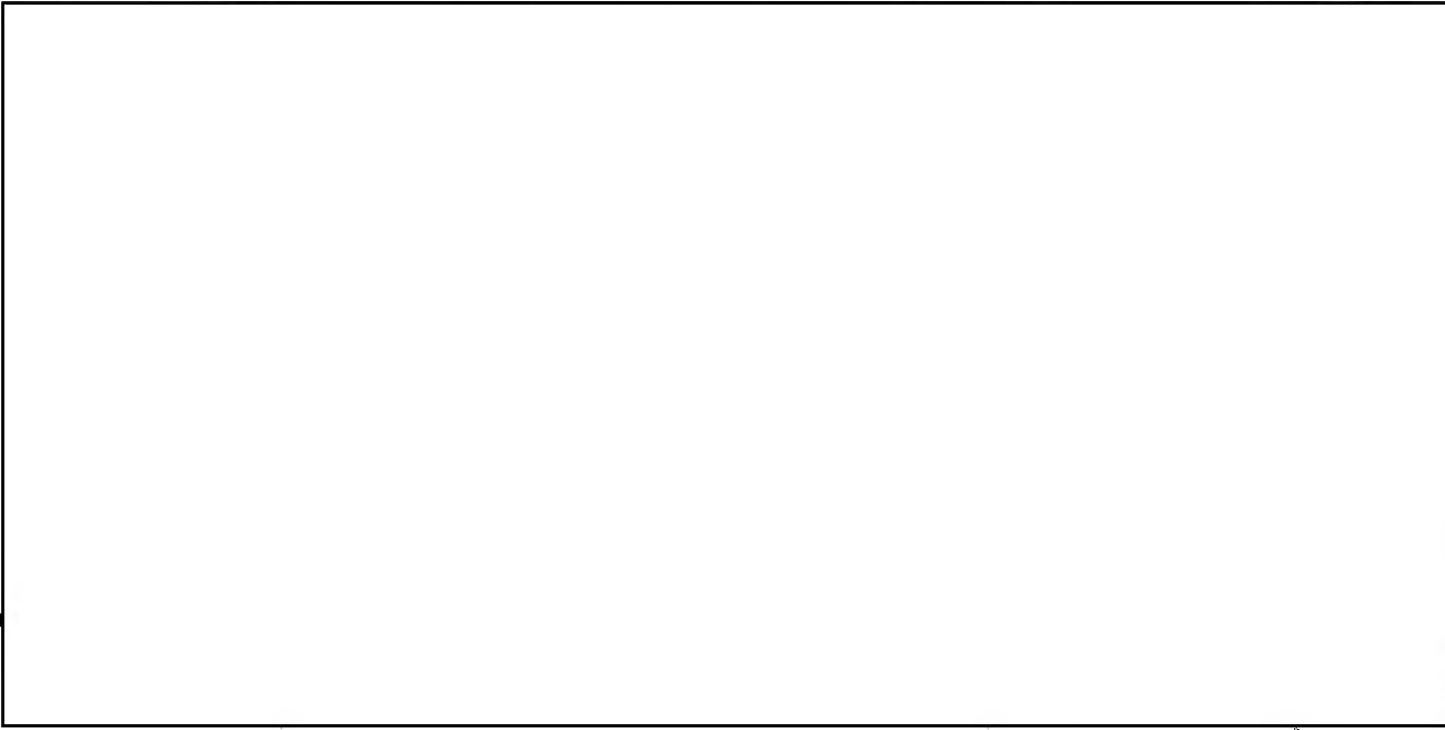
Mr. Colby said that covert action overseas was a valuable tool that had been at times overused. In the 1950's, for example, there was a "missionary feeling" about these operations and a sense that "we had to go out and fight every fight around the world. Obviously we have a different policy now, a much more reserved policy."

On the subject of controls over covert action, Colby said that "we don't do this without getting very specific instructions from the NSC," via the 40 Committee (an interagency group chaired by Dr. Kissinger). If the CIA is asked to carry out some covert action or believes one should be carried out, it will write a paper describing the problem and what needs to be done. This paper is then circulated to the members of the 40 Committee, who either get together to discuss it or sign off on the program by telephone. It then goes to the President for approval.

When asked whether Congress is also informed, Colby said that budgetary details are discussed with the appropriations committees and general plans are discussed with the Armed Services Committees. All significant operations are described.

i. Indo China in General

Senator Mansfield said that, in his opinion, the best intelligence reports on Vietnam were furnished by the CIA, and it was too bad that these reports were not given proper attention by the administration. STAT



CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

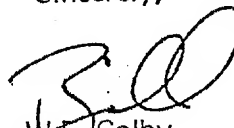
November 7, 1973

The Honorable Robert D. Murphy, Chairman
Commission on the Organization of the Government
for the Conduct of Foreign Policy
2025 M Street, N.W.
Washington, D.C. 20506

Dear Ambassador Murphy:

In response to your letter of October 15 I have developed the attached statement which provides an overall response to the matters you suggested for coverage in my presentation to the Commission in November. I developed this in unclassified form, as I believed it the most useful vehicle to stimulate future questions and thoughts by the Commission members in the actual hearing. I am certainly prepared to go into classified matters during the hearing itself, or in any follow-up studies of more detail which might be needed as you proceed toward your final report.

Sincerely,


W.E. Colby
Director

STATEMENT BY THE DIRECTOR OF CENTRAL INTELLIGENCE

First, let me confirm your assumption about what the national intelligence program is. Our intelligence process includes the collection and analysis of information in order to produce what we call "finished intelligence." We use overt, covert, technical, human, passive, and active collectors. The information collected is then "processed"--- that is, it is recorded, compared with other information, and subjected to the appropriate techniques of scientific examination such as photographic interpretation, electronic analysis, and decryption. This "processing" of information is followed by what we call the "production" of "finished" intelligence -- in the form of reports, studies, and estimates which reflect the highest intellectual evaluation which we can bring to bear upon all the bits and pieces of fact and impression at our disposal. The entire intelligence process which I have described relates to foreign intelligence and counterintelligence, although a number of steps in the process obviously have to take place in the United States. In addition to collection, processing, and production, from time to time CIA also conducts other activities related to intelligence affecting the national security, as directed by the National Security Council.

The current organization of the Intelligence Community is reflected in the President's directive of 5 November 1971. It called for the following:

- That the Director of Central Intelligence (DCI) provide leadership to all foreign intelligence activities of the United States Government.
- That there be established a National Security Council Intelligence Committee (NSCIC).^{*} The purpose of the NSCIC is to give direction and guidance on national substantive intelligence

^{*}Members are: The Assistant to the President for National Security Affairs (Chairman), the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.

needs and to provide for the continuing evaluation of intelligence products from the viewpoint of the intelligence consumer.

- That the Intelligence Resources Advisory Committee IRAC be formed.* This Committee is advisory to the DCI in his management role. It helps him develop the annual National Foreign Intelligence Program Budget Recommendations which are sent by the DCI to the President--Recommendations which may concern any of the foreign intelligence expenditures of the United States Government.
- That the United States Intelligence Board (USIB)** be reconstituted to include a representative of the Secretary of the Treasury, and that it continue to advise and assist the DCI in his substantive leadership role with respect to the Intelligence Community.

Not addressed by that directive but continuing to operate is the so-called Forty Committee.*** This body provides policy guidance on activities related to intelligence affecting the national security, as directed by the National Security Council.

**Members are: the DCI (Chairman), and one senior representative each from the Department of Defense, the Department of State, the Office of Management and Budget, and CIA.*

***Members are: The DCI (Chairman); the DDCI; the Director of the Bureau of Intelligence and Research, State Department; the Director of the National Security Agency (NSA); the Director of the Defense Intelligence Agency (DIA); representatives of the Secretary of the Treasury, the Federal Bureau of Investigation, and the Atomic Energy Commission.*

****Members are: The Assistant to the President for National Security Affairs (Chairman), the Under Secretary of State for Political Affairs, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the DCI.*

In his letter to me of 15 October, Chairman Murphy outlined a number of specific subjects which he wished me to address in my statement and in follow-up studies of the Commission. I have generally keyed the following remarks to the numbered sections of that letter.

(1) Authority

The National Security Act of 1947, certain additional legislation, and the National Security Council Directives provided for in law are the authorities under which the national intelligence program operates. The legislation is currently being re-evaluated by the Congress, and it may be that some modifications will be made. To the extent that any changes further limit the national intelligence activities in which the DCI is interested to the field of foreign intelligence, and to the extent that they require the reporting of foreign intelligence activities on a regular basis to certain members of the Congress, I would welcome them. The public should be as free as possible from concern about the operations of our national foreign intelligence program.

The National Security Council Directives which I mentioned are currently under evaluation to determine whether an unclassified version can be written. This would help to eliminate any possible misunderstanding about the existence of a "secret charter" for CIA or the Intelligence Community. At the same time, some classified directives will be necessary to specifically implement the unclassified guidance of the open directives.

I do not view subordination to the NSC as different from subordination to the President. The NSC historically has played different roles in foreign policy and national security affairs under different Presidents. But no President in recent times has been willing to function without access to good intelligence -- whether by direct contact with appropriate agencies or through the NSC system.

The responsibilities of some of the agencies of the Intelligence Community to produce both "departmental"

and "national" intelligence are not in conflict. In fact, they are mutually supporting. The military services, for instance, have intelligence arms which provide the tactical intelligence necessary to support the operational forces. They also contribute information and analysis to those in the Community who work on "national" level problems. A study is now underway to determine how these programs can better support each other for both substantive benefit and possible resource savings.

The DCI's responsibility to "protect intelligence sources and methods from unauthorized disclosure" is basically a responsibility without authority. I do not view it as giving any authority beyond the right to call the attention of the appropriate prosecuting authority to any cases of unauthorized disclosure. In this regard I confess great concern at the absence of any effective statutes to prevent or punish the unauthorized disclosure of sensitive intelligence matters. It was only by civil action based upon his pre-employment secrecy agreement that an ex-employee was prevented from revealing a number of delicate matters in a book which he had written. (U.S. vs. Marchetti, 466 F. 2d 1309, 1316). This decision is being tested again.

Aside from this particular weakness of the statutes, I see no need for particular new authority to carry out an effective intelligence program. The "services of common concern" mandate in the current law is adequate, though of course there are always minor negotiations between agencies about the kind and quality of service to be performed.

You have asked whether section 102 (d) (5) of the National Security Act, which provides that the CIA shall perform such other functions and duties related to intelligence affecting the national security as the NSC may from time to time direct, is too broad and open-ended. This is currently being considered in Congress. I would offer that this provision has been used only when specifically directed by the NSC under Presidential authority, that every President since 1947 has used it, and that the shape of the world today seems to require its use much less often than in the more critical of the cold war years. I do not believe that this weapon should be lightly discarded from our national arsenal.

Section 102 (e) of the 1947 Act, which gives the CIA the right to see the foreign intelligence of all of the departments

and agencies, is a key factor in molding a group of intelligence agencies into a community. Without that right, there could be no single source of intelligence advice which accounted for the variety of available facts, and the policy-maker would be buried in a confusion of uncorrelated reports and analyses about major problems and events.

(2) Requirements

The principal customer of our national intelligence program is, of course, the President. But his key advisors and officers need also to be informed (i.e., the Assistant to the President for National Security Affairs, the Secretaries of State, Defense, Treasury, and so on). Their requirements are a compilation both of their expressed needs and of the Intelligence Community's judgment about what they might need.

There are a variety of techniques for refining such requirements. The USIB and the DCI have established and continually review a formal list of relatively constant major requirements. Crisis requirements are generally conveyed to the proper action arm of the Community as a result of my participation in the Washington Special Action Group (WSAG) which meets regularly and keeps me informed of activities which might benefit from intelligence support.

In non-crisis situations, requirements for information come to the Intelligence Community in a wide variety of effective but not necessarily orderly ways. On a daily basis, policy-oriented analysts are in contact with intelligence analysts and make their needs known in that context. Through the requirements staffs of each intelligence agency, collection components can be tasked. Formal requests for specific facts or analyses also come by letter or telephone from USIB principals, Cabinet members, and the NSC/National Security Advisor level. Policymaker feedback to the Intelligence Community on intelligence problems below the first level of priority, or in non-crisis situations, generally does not give a clear enough signal about how much collection and analytical effort the Intelligence Community should expend on a specific subject. The Community tasks itself when this is the case.

(3) (12) Performance and Resources, Budgets

The DCI has no authority to determine the budget and manpower needs of the various agencies in the Intelligence Community. Each component goes through an independent program and budget development process (in the case of State and DOD intelligence programs there are department-wide guidances and constraints which apply apart from intelligence considerations). Each component has an independent review by the OMB. Each component receives from the Congress an appropriation which is under its full control. The program proposed by each component to the Congress is reviewed, however, by the Intelligence Community (IC) Staff of the DCI. From IC staff suggestions, IRAC deliberations, and USIB requirements, the DCI formulates his National Foreign Intelligence Program Budget Recommendations for the President.

The major resource problem facing the Community is inflation; first in manpower costs, but in all other aspects of our profession as well. The problem can be stated in this way:

a. assuming level manpower, level program size, and continued inflation, the resources for intelligence would have to increase by nearly 25 percent by 1978. This alternative would be unacceptable to the Congress.

b. assuming level dollars, a level program, and inflation offset by manpower reductions, a 40 percent cut in manpower would be required by 1978. The Community could not take such a cut and continue to meet its obligations.

c. assuming level dollars, level manpower, and continued inflation, there would have to be a drastic and unacceptable cut in our investment in technical systems for the future and in procurement.

The solution to the dilemma posed above lies in the hands of the President and the Congress. We can help by

reducing our breadth of coverage -- by keying on the most important issues and cutting activities and area coverages which do not contribute directly to the resolution of the highest priority problems. It is the job of the DCI to advise the government as to what constitutes a sufficiency of resources -- in dollar terms, in terms of the systems the dollars will support, and most importantly in terms of major substantive need.

(4) Evaluation

Evaluation of the performance of the Intelligence Community is a relatively untapped field. For years evaluative efforts have been made within the Community itself, but as I have suggested above, we have not had a strong standard of pre-established user requirements against which to measure ourselves. As a consequence, measurements of effectiveness have usually been taken during or following some crisis which might or might not have been of prior concern to policymakers. Our reviews under such circumstances have been mixed. At the same time, on such "constants" as SALT verification and MBFR support we would get high marks.

I have asked my Intelligence Community Staff to concentrate heavily on the development of a method to evaluate our performance. I hope to establish standards and to have regular measurement of the effectiveness of all aspects of the profession underway within a year:

(5) Other Intelligence Activities

Foreign counterintelligence activity is designed to protect the U.S. government and the private sector from penetration or manipulation by the intelligence services of other countries. It is our defensive arm, and in this respect it is an important adjunct to the conduct of foreign policy.

In general, intelligence activities in support of operational military forces are subject to direction from the Joint Chiefs of Staff (JCS) and the Unified and Specified Commanders in the field. The information collected by these activities is of use mainly to the forces in the field. It

updates their contingency planning for war and affects their state of readiness. There is some spin-off value to foreign policy intelligence needs from these activities, however. This is particularly true, for example, during negotiations for peace, for detente, and in the MBFR context. Data provided by some basically force-related systems becomes part of a larger data base used by analysts who must furnish background to negotiators.

(6) Special Programs

The cryptologic programs of the various agencies are coordinated by the National Security Agency (NSA). Each of the military service cryptologic agencies receives a budget to support a program which it plans in response in two sets of guidances -- one essentially related to support of the operational forces, and the other designed to satisfy "national" needs. The Director of NSA is responsible for technical direction and support to the service cryptologic agencies, for the tasking of those agencies for national level objectives, and for the production of cryptologic intelligence in support of national security and foreign policy objectives.

In general, other advanced technological collection programs are managed jointly by the DCI and the Secretary of Defense. Naturally there is concern for both substantive requirements and resource constraints.

Studies are now underway to determine the degree to which it is possible for intelligence-related technical collection systems to support similar but non-intelligence information needs elsewhere in the government. In the past some systems, such as the U-2 aircraft, have been used to support snowpack studies in the American west and to photograph hurricane, earthquake and flood damage for national emergency relief and economic planning purposes.

(7) Reports and Estimates

Virtually all of the major questions of concern to American foreign policy today involve political, economic,

military and other factors. It is essential for good intelligence assessments to reflect this variety. In the past, the ultimate analytical medium was the National Intelligence Estimate. In recent years there have been a variety of other NSC-inspired forms which also required the best analysis. In an effort to account for this change and to make the intelligence process which I described earlier more responsive to policymaker information requirements, I have recently established a new group of "National Intelligence Officers" (NIOs) for specific subject areas. Their job will be to enlist all elements of the Intelligence Community in the development of the best possible assessments of the intelligence questions facing the government. I have instructed that Community reports and estimates be independent of policy pressure and objective in tone and content. They will also incorporate minority or adverse views when these exist.

I do not believe that agencies should handle research and analysis entirely apart from collection and operations, or in ignorance of the policy formulation and implementation process. If anything, the interdependence of policymaking, analysis, and collection should be increased so that collection and analysis are focused more precisely on user needs and profit more from user experience. Foreign policy and national security concerns arise in a dynamic environment -- one in which collectors and decisionmakers are active. To divorce analysis from this environment would reduce and slow its flow of information and minimize its utility. At the same time, control over the substantive content of analytical responses to policy questions should not be vested in the policymaker except with respect to substantive requirements and the timing and format of responses. From time to time analysts remind policymakers of this distinction.

(8) Emerging Needs

Any answer to this question must, of course, be given in classified testimony. It is clear, however, that the intelligence questions facing our nation in the 70s are different from those of the more extreme days of the Cold War. New needs are arising which require intelligence support

in the fields of economics, narcotics, and international terrorism. These new needs are reflected in the overall guidance being developed for the Community.

(9) Oversight and Accountability

The DCI is responsible in detail to the authority of four committees of the Congress -- the two Armed Services Committees and the two Appropriations Committees -- under the rules established in each House. In addition, he provides regular substantive briefings to a number of other committees. In the Executive Branch, he is responsible for substantive matters to the National Security Council and the President, and for budget and management matters to OMB and the President. He is responsive to the substantive requirements of the Secretaries of State, Defense, and other agencies with foreign intelligence interest, and the activities of the Intelligence Community are subject to their evaluation. All activities in which CIA and the rest of the Intelligence Community engage are subject to review in detail by the President's Foreign Intelligence Advisory Board.

As the Chairman of the Armed Services Committee said in 1949 when he reported to the Senate the Central Intelligence Agency Act,

"Ours will perhaps be the only Government having a law providing for such an activity. Other governments simply appropriate a disguised sum of money, without any authority of law, to handle the matter through some government official. We are writing the whole law out.... We are not doing what other countries do. We are throwing every possible democratic safeguard around it as we go along."

In testimony during my confirmation hearings, I indicated that it is for the Congress to decide whether there should be legislative changes in the authorities over foreign intelligence activities. It is a persistent dilemma for the government to determine to what degree the public

should be informed about intelligence activities. The policy of the Intelligence Community is to be as forthcoming as possible while protecting the basic elements of secrecy which are necessary if we are to be effective.

(10) Controls

All intelligence operations stem from a variety of authorities. The NSC's "Forty Committee" controls foreign operations. By Presidential letter the Ambassador has overall authority over operations in the country to which he is posted. He is kept aware of operational activity in his country.

(11) Personnel

There are no cross-Community personnel procedures over which the DCI has control. The individual components of the Community establish their own professional criteria. In testimony at my confirmation hearings I included a report on CIA's recruitment activity (see pages 185-186). While improvements can be made, there are no special legislative needs at this time.

In answer to the second part of your question, let me say that I believe that compartmentation is not a serious restraint upon the exchange of ideas within the Intelligence Community. Usually "compartments" are used to protect sources and methods rather than facts themselves. Need-to-know is the guiding factor in the protection of information. Those who work on a problem at the highest level have ready access to information they need. They must only show that the kind of information which they seek is key to their analysis, and that their project will be used by a policymaking level sufficiently high to warrant the inclusion of compartmented intelligence.

(13) Overseas Establishment

Control and coordination of foreign intelligence activities overseas is not a serious problem. The Ambassador is charged by the President to direct and coordinate the activities and operations of all elements at his mission. He actively directs overt information collection and reporting activities. Subject to his authority, the senior CIA

representative in a foreign post is responsible for the coordination of other foreign intelligence activities there.

With very rare exception, close and effective relationships exist between all members of the country team. If there are problems which are particularly difficult to resolve in the field, they are worked out in Washington. The question of effectiveness in the field is under constant evaluation at the agency, Community, and user level. Coordination, however, is not a major problem with respect to the effectiveness of foreign intelligence activities.

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FOR THE CONDUCT OF FOREIGN POLICY

2025 M STREET, N.W.
WASHINGTON, D.C. 20506

October 15, 1973

Mr. William J. Colby
Director of Central Intelligence
Headquarters, CIA
McLean, Virginia 22101

Dear Bill:

As Congressman Zablocki and Dean Wilcox indicated in their recent conversation with you, the Commission is looking forward to meeting with you in November. In preparing for the meeting, the Commission believes it would be especially useful to have a statement setting forth the views of the intelligence community which the members can study in advance and thus make the discussion more profitable. We hope that you will be able to assemble such a statement by the first week in November to permit its distribution to Commission members for the meeting on November 19.

To be most helpful, the statement should address all of the major elements of the national intelligence effort in support of the conduct of foreign policy. For this purpose, it is assumed -- and the Commission would like confirmation or correction of the assumption -- that this effort involves the political, economic, sociological, scientific and military affairs of foreign states, organizations and individuals and that it consists essentially of three principal elements:

- (a) the collection, evaluation and dissemination of information from the following sources:
 - open published materials
 - overt reporting
 - clandestine reporting
 - communications and electronic penetration
 - advanced technological systems
- (b) the preparation through research and analysis, and the dissemination, of studies, reports and estimates
- (c) covert action in support of policy decisions

For each of these elements, the Commission requests an outline of the present organization and procedures particularly in

respect to coordination among agencies, an identification of the principal obstacles to improved performance, and recommendations for appropriate action.

We hope the statement, in addressing the foregoing matters, will touch upon the following questions in addition to any others which you consider to be of importance:

- (1) Authority. Has the National Security Act of 1947 proved to be sufficiently sound as a basic authority for the Director of Central Intelligence to fulfill his role both with respect to the coordination of intelligence for national security and for the management of the Central Intelligence Agency? In particular,
 - a. what are the practical effects of subordination to the National Security Council rather than directly to the President or a department of the government? Should the system be altered?
 - b. can the responsibilities "to correlate and evaluate intelligence relating to the national security" be adequately delineated from the responsibilities of departments and other agencies "to collect, evaluate, correlate and disseminate departmental intelligence"? (Section 102(d)(3))
 - c. has the responsibility "to protect intelligence sources" proved workable and useful? (Section 102(d)(3))
 - d. is the mandate to perform "such additional services of common concern" (Section 102(d)(4)) adequate to the needs of the intelligence community and the government as a whole? Is the mandate to perform "such other functions and duties" (Section 102(d)(5)) too broad and open-ended?
 - e. has the authority to inspect intelligence of the departments and agencies (Section 102(e)) proved adequate and useful?

- (2) Requirements. Who are the principal users of intelligence in support of the conduct of foreign policy? What is the present organization and procedure for the preparation and updating of their requirements to guide the intelligence effort? Are such requirements adequate and what recommendations for improvement are suggested? How are requirements handled in crisis situations, and how can that process be improved?
- (3) Performance and Resources. In the fulfillment of these requirements, is the most effective and efficient use made of the resources of the intelligence community? What is the basis for arriving at the optimum level of such resources and their distribution within the community in order to give the most effective support? What resource requirements are anticipated for the future?
- (4) Evaluation. How effective is the method of evaluating the performance of the intelligence effort in fulfilling the requirements in support of the conduct of foreign policy? What changes are recommended in this regard?
- (5) Other Intelligence Activities. What is the relationship of intelligence activities in support of military-tactical, counterintelligence, or other purposes to the intelligence activities in support of foreign policy?
- (6) Special Programs. What is the institutional mechanism for coordinating cryptological programs among the several agencies? For managing the advanced technological collection programs? How does this tie in with other government programs using similarly advanced technological systems? Is there a way to economize in this field and perhaps even produce a more effective government-wide effort?
- (7) Reports and Estimates. What is the need of the government for coordinated reports and estimates? How are such reports and estimates now produced?

Mr. William J. Colby

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What means are employed to assure that the analyses are forthright, objective, useful to policy makers at all levels of the government, and as free as possible of institutional biases? Should the research and analytical functions be handled in agencies other than those responsible for collection and operations? For policy formulation and implementation?

- (8) Emerging Needs. How is the mission of the intelligence community changing in the 1970s? What steps are being taken to adapt the intelligence effort to new demands for support in such fields as international trade, energy matters, the environment, and narcotics control?
- (9) Oversight and Accountability. What are the institutional controls through which the Executive Branch and Congress oversee activities of the intelligence community? Are they effective in making the intelligence community realistically responsive to government authorities? Does the public have a right to be better informed about the intelligence business; what improvements should be made in the process of accountability of intelligence activities to the public?
- (10) Controls. In respect to the activities and operations of intelligence which may impinge upon the conduct of foreign policy or in respect to operations designed to support specific policies, what is the system of guidance and control and is it fully adequate? What is done to assure that approving officials are fully aware of the possible consequences of a given action? What improvements in the system are recommended?
- (11) Personnel. Are the personnel procedures for CIA and other agencies in the intelligence community soundly based to recruit and sustain the professional corps necessary for the best intelligence support of the conduct of foreign policy? What steps are being taken throughout the community to mitigate the adverse effects of compartmentalization arising from security requirements in order to achieve greater cross-fertilization of ideas and personnel?

- (12) Budgets. To what extent does the DCI have the authority to determine or otherwise oversee the budget and manpower needs of the various agencies in the intelligence community? Should he have greater authority in this regard? Are the present budget resources of the several components of the intelligence community adequate, excessive or insufficient for their contributions to the intelligence effort in support of the conduct of foreign policy?
- (13) Overseas Establishment. What are the problems of control, coordination, and communications in overseas establishments as they pertain to intelligence? How can these establishments be made more effective and efficient?

The Commission is aware that a comprehensive response to these questions could lead to a most exhaustive study and a very lengthy report. We are hopeful, however, that while giving full attention to the important implications of the questions, you can in your report identify and emphasize the most important elements in our inquiry.

A copy of this letter is going to the Secretary of State, the Secretary of Defense and the President's Special Assistant for National Security Affairs, as members of the National Security Council, with the request that they offer whatever comments they can on the foregoing questions to assist the Commission in its study.

The Commission is most appreciative of your personal assistance and that of other components of the intelligence community in the fulfillment of our tasks.

Cordially yours,



Robert D. Murphy
Chairman

cc: The Secretary of State
The Secretary of Defense
The President's Special Assistant
for National Security Affairs

TAB

MANDATE

The Foreign Relations Authorization Act of 1972 (P.L. 92-352, July 13, 1972) established a joint Presidential-Congressional study commission to submit to the Congress and the President findings and recommendations "to provide a more effective system for the formulation and implementation of the Nation's foreign policy."

In describing the duties of the Commission the law states that "the Commission shall study and investigate the organization, methods of operation, and powers of all departments, agencies, independent establishments, and instrumentalities of the United States Government participating in the formulation and implementation of United States foreign policy." In carrying out its responsibilities, the Commission may make recommendations with respect to the reorganization of the departments and agencies, more effective arrangements between executive branch and Congress, improved procedures among departments and agencies, the abolition of services, activities and functions not necessary to the efficient conduct of foreign policy, and "other measures to promote peace, economy, efficiency and improved administration of foreign policy."

The report of the Commission, which is to be submitted to the President and the Congress by June 30, 1975, may include "proposed constitutional amendments, legislation, and administrative action considered appropriate in carrying out its duties." The Commission, in performing its responsibilities, is authorized to hold hearings, subpoena witnesses and secure directly information from any executive department or agency.

COMMISSION MEMBERS

The Commission is composed of twelve members, four each appointed by the President of the Senate, the Speaker of the House, and the President. The members are:

THE HONORABLE ROBERT D. MURPHY - Chairman
Corning Glass International
New York, New York

THE HONORABLE JAMES B. PEARSON - Vice Chairman
United States Senate

DR. DAVID M. ABSHIRE
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Chairman, Center of Strategic & International Studies
Georgetown University

MRS. ANNE ARMSTRONG
Counsellor to the President
White House

THE HONORABLE WILLIAM J. CASEY
Ex-Im Bank

MRS. CHARLES W. ENGLEHARD, JR.
Far Hills, New Jersey

MR. AREND D. LUBBERS
President, Grand Valley State College
Allendale, Michigan

MR. FRANK C. P. McGLINN
Executive Vice President
Fidelity Bank
Philadelphia, Pennsylvania

THE HONORABLE Peter Frelinghuysen
House of Representatives

THE HONORABLE MIKE MANSFIELD
United States Senate

DR. STANLEY P. WAGNER
President, East Central State College
Ada, Oklahoma

THE HONORABLE CLEMENT J. ZABLOCKI
House of Representatives

COMMISSION STAFF

FRANCIS O. WILCOX is the Executive Director of the Commission and FISHER HOWE is the Deputy Executive Director. Former Senator WILLIAM B. SPONG, JR., is General Counsel to the Commission. The Commission offices are located at 2025 M Street, N. W., Washington, D.C. 20506. Telephone (202) 254-9850.

June 1, 1973

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Murphy Commission Subcommittee on Intelligence:

Ambassador Robert D. Murphy, Chairman
Dr. David M. Abshire
Representative Peter Frelinghuysen (R-N.J.)
Mr. Arend D. Lubbers
William J. Casey

Commission Staff dealing with intelligence:

Dean Francis O. Wilcox
Mr. Fisher Howe
Mr. Thomas Reckford

Intelligence Analytical Issue Papers: Dr. William Harris, Director

#1 Intelligence Functions. This paper will define the intelligence functions, stress the limits of the intelligence mission, and link alternative conceptions of management responsibility and functions. The paper will discuss the roles and relationships of the DCI, the NSC, and policy-makers.

Status: Draft nearing completion. due 15 October.

Author: William J. Barnds, [redacted] in STAT
the Office of National Estimates. Currently with the
Council on Foreign Relations.

#2 Intelligence and Policymaking in the Institutional Context. A detailed paper relating the concepts of intelligence and the broad organizational and procedural alternatives (addressed in Paper #1) to the institutional mechanisms and practices of the Intelligence Community. It will focus closely on the relationships between intelligence producers and consumers.

Status: Draft outline approved, interviews to be completed by 15 October, paper due no later than 1 November.

Author: William J. Barnds

#3 Innovation in Intelligence Production. Part I: Will summarize prior work on probabilistic forecasting and scoring techniques to evaluate intelligence products and forecaster performance. Part II: Will discuss new fields for intelligence research and consider new consumers for intelligence support.

Status: Both drafts completed.

Authors: Part I: Clinton W. Kelly III of Decisions and Designs, Inc., McLean, Va. Part II: Colonel Frank L. Schaf, US Army Ret., presently a consultant to John Thro at INR. Neither author has sought interviews at CIA.

Murphy Commission Subcommittees:

International Economics: Senator James Pearson, Chairman
William J. Casey
Mrs. Charles Englehard, Jr.

Congress: Senator Mike Mansfield, Chairman
Mrs. Anne Armstrong
Dr. Stanley P. Wagner
Representative Clement Zablocki

Public Policy: Representative Zablocki, Chairman
David M. Abshire
Frank C.P. McGlinn

National Security and Intelligence: Ambassador Robert Murphy, Chairman
Representative Peter Frelinghuysen
Arend D. Lubbers
David M. Abshire
William J. Casey

#4 Authority for the Conduct and Management of Foreign Intelligence. Will discuss the constitutional and statutory base for foreign intelligence with explicit reference to the National Security Act of 1947, the CIA Act of 1949, and the NSCIDs. Will suggest alternative approaches and discuss the pros and cons of recommending statutory reforms.

Status: Draft nearing completion, due 15 October.

Author: Dr. William R. Harris, RAND Corporation, Santa Monica. Former consultant to Andy Marshall on the NSC Staff, participant in preparing the Lindsay Report.

#5 Intelligence Resource Management. Paper discusses not only the efficient allocation of resources but also the capacity of the DCI and others to make appropriate decisions and to manage resources appropriated to other agencies. Will focus on the roles of the Secretary of Defense, the DCI, OMB, IRAC, the Intelligence Community Staff, PFIAB, and the Congress. Will discuss alternative techniques for the budgetary review of intelligence activities.

Status: Draft completed.

Author: Robert Macy, with the Bureau of the Budget until 1962 [redacted] Since that time has worked as a consultant to a number of government agencies and with the UN both domestically and abroad.

#6 Clandestine Operations and Covert Action. To discuss the pros and cons of maintaining a capability for covert action and the criteria that ought to govern its use. Will address problems of command and control inherent in highly compartmented operations, and will examine carefully the review process of the 40 Committee and other oversight groups.

Status: Draft due on October 15.

Author: Taylor G. Belcher, former US Ambassador to Cyprus and Peru. In addition, Chester Cooper, of the Council of Foreign Relations, will do a think piece on the same topic.

All Source Study: Kent Crane, Project Director

A limited access report of analysis, without recommendation, of past studies on the Intelligence Community.

Status: Draft due on 1 November.

Author: J. J. Hitchcock, [redacted] a consultant with INR. Kent Crane [redacted] who has served on the staff of former Vice President Agnew and is currently the Administrative Assistant to Congressman Peter Frelinghuysen.

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INTELLIGENCE RELATED STUDIES

AUTHOR

STATUS

● Intelligence Analytical Issue Papers, William R. Harris, Director

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#1 Intelligence Functions

William J. Barnds

Has Seen: Colby, Carver, []
[], Proctor, Lehman,
Ernst, Knoche, []
[] Duckett, []

#2 Intelligence and Policymaking in the
Institutional Context

William J. Barnds

Same as above

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#3 Innovation in Intelligence Production

Clinton W. Kelly III
Frank Schaf, Robert Young
Thomas A. Brown, Comment

No contact

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#4 Authority for the Conduct and
Management of Foreign Intelligence

William R. Harris
John Elliff, Comment
John Warner, Comment

Has Seen: Cary, Warner, Angleton,
[] Blee, []
[]

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#5 Intelligence Resource Management

Robert M. Macy

Has Seen: Colby, Graham, []
[]

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#6 Clandestine Operations and Covert Action

Ambassador Taylor Belcher
Chet Cooper

Has Seen: Blee, []
[]

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● All Source Study, Kent Crane, Intelligence Project Director

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All Source Survey

Kent Crane
J.J. Hitchcock

Reviewing studies.
Has Seen: Nelson, Clarke, []
To See: []

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